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SALES & MARKETING MANAGEMENT

APRIL 1992
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FOUR DOLLARS

INCENTIVES
What Motivates Best?

FLEETS
The Alternative-Fuel Alternative

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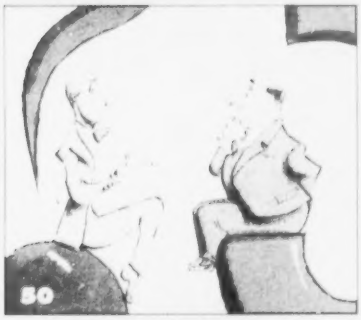

COVER BY STEVE ATTOE

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WHAT MOTIVATES BEST?

According to a recent survey, workers say cash is still the top motivator. And no one thinks much of lunch with the boss.

BY CHRISTINA LOVIO-GEORGE

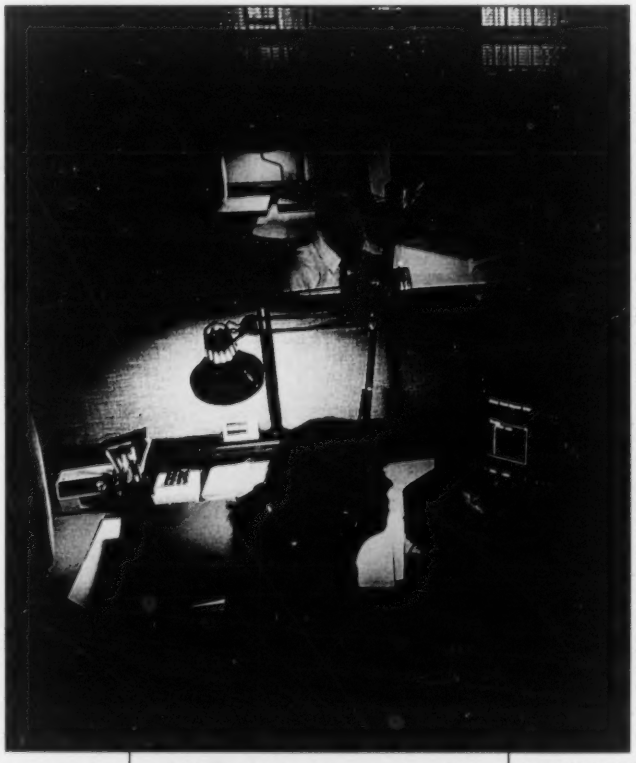


IMAGE BANK/KAY CHERNUSH

Much has been written recently about American laziness and the decline of productivity, with management gurus lining up to take their shot at what can be done to improve performance in these areas. But what about the word on the street? What do American workers think about these problems—and more important, what kinds of solutions do they suggest?

A recent survey conducted by the Society of Incentive Travel Executives (SITE) Foundation revealed what many sales executives already know: According to the study, 89% of American workers think their companies would perform better if employees were given meaningful incentives to improve quality and productivity. Even more revealing, however, is the fact that 93% say American products could compete better against Japanese products if American management better involved *workers* in efforts to improve these areas.

Only 40% of those surveyed believe that the average American company currently offers employees meaningful incentives to maximize quality and productivity, and only 41% believe the average company listens to employees' ideas.

"The results," says Bruce Bolger, president of the SITE Foundation and publisher of *Incentive* magazine, "show that American people have faith in their ability to compete against other nations, as long as their companies give them the same sorts of incentives offered to top management and seriously listen to their ideas on how to improve sales, productivity, and quality."

Interestingly, while workers cite a lack of incentives for employees in American industry in general, 57% say their own companies offer meaningful incentives to maximize the quality and productivity of the work force. "What the American worker is telling us," says Patrick Delaney, president of SITE, "is that the answer to increased productivity and motivation can be found inside their own companies and that meaningful rewards need to be offered to workers at every level in the organization."

The survey of 689 working Americans was conducted randomly by telephone in February 1992 by TeleNation, an independent survey organization headquartered in Chicago, on behalf of the SITE Foundation, a New York City-based research group. Respondents reflect a cross-section of American workers, with 6% in positions requiring an advanced degree; 22% are managers and administrators; 19% are teachers, registered nurses, technicians, or analysts; 10% are craftspeople or artists; 8% are in sales; 9% are clerical workers; 20% are laborers or in service positions; and 6% are in other positions.

WHAT WORKERS WANT MOST

The survey reveals—perhaps not all that surprisingly—that nearly 95% of American workers rank a cash bonus as a meaningful incentive. What *is* surprising, however, are some of the other things workers perceived as meaningful.

For example, 87% believe that special training is a positive incentive, followed by stock options (85%), a trip to a desirable destination with spouse or guest (77%), and recognition at a company meeting (76%). Tied at 63% are merchandise incentives and the simple (and exceedingly inexpensive) "pat on the back." ►

At the low end of the motivational scale, say survey respondents, are things like plaques (46%), a parking space near the company entrance (35%), and lunch with the company president (25%).

The only significant blip in the results was the relationship between the incentive deemed most meaningful and the educational level of respondents. Workers with postgraduate education, for example, were the only group that didn't select cash as their first choice. Instead, they cited special training, with cash bonuses slipping to second place.

Looking at regional preferences, responses from workers in the South and Midwest were virtually identical. The incentive trip, however, ranked highest in the West and lowest in the Northeast, while stock options were valued more by workers in the Northeast (by a margin of 4%) than by those in the West. Westerners cited special training as a meaningful incentive 12.5% more often than their northeastern counterparts.

The most significant difference, however, concerns the "pat on the back" incentive. A startling 20% more workers in the West noted that they value this simple reward than did those in the Northeast.

Gender-wise, both males and females rank cash bonuses as their top choice, with stock options listed as the second choice among females, followed by special training in third place. Males, on the other hand, placed special training ahead of stock options on their motivational wish list. And when responses were broken out by age, recognition at a company meeting was deemed most important by workers aged 24-34 and 35-44 but dropped off—by a startling 22%—for the oldest age group, workers 65 and older.

"The worker's response to 'meaningful rewards' was surprising in that, beyond the obvious incentive of cash, other rewards like special training, stock options, and incentive trips factored so significantly in what they considered to be meaningful," says Bolger.

For incentive travel specifically, the age group most motivated by this perk was the 24-34 segment, followed by the 35-44 contingent and workers over 65. Age groups least motivated by travel, interestingly, are 55-to-64-year-olds and 18-to-23-year-olds.

When examined by income, workers with salaries between $25,000 and $40,000 are most motivated by incentive travel, followed by those in the $15,000 to $25,000 income bracket and then by those earning more than $50,000. Workers with incomes of less than $15,000 are least motivated by trips.

Based on the overall results, if we were to put together a profile of the worker most likely to be motivated by incentive travel, it would be a 24-to-34-year-old non-white male with an income of $15,000 to $40,000 living in the West and having a postgraduate education. Managers with sales forces that tend to fit this description should adjust their programs accordingly.

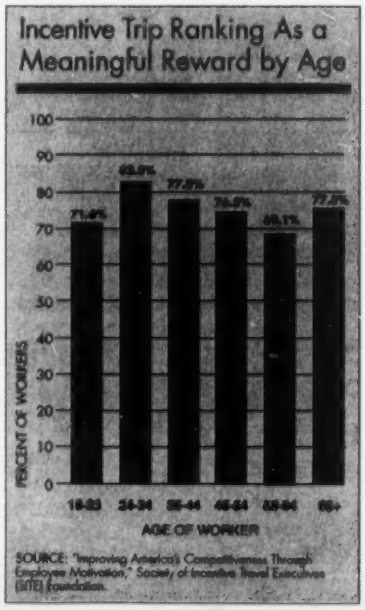
"The survey provides new insights into the use of incentive travel within age groups," says Bolger. "It's surprising that among all age categories, 24-to-44-year-olds and 65-year-olds rank this incentive as the most meaningful. These will be important considerations as the work force ages."

TARGET: PRODUCTIVITY

While 89% of the workers surveyed believe that companies would perform better if employees were given meaningful incentives to improve quality and productivity, specific breakouts indicate that more southern workers believe this to be true than workers in the Midwest, West, and Northeast.

Further, those with at least some college experience are more likely to believe employee involvement would improve company productivity than workers with only a high school education or those with a postgraduate degree—which would seem to suggest that perhaps a little learning isn't such a dangerous thing after all.

Other subgroups that place a high value on employee involvement are workers aged 35-44 and workers with incomes in the $40,000 to $50,000 range.



Conversely, those who believe employee involvement makes little or no difference include workers 65 years and older and workers with incomes over $50,000.

How companies respond to those calls for involvement is another matter, however. Fewer than half the workers surveyed said the average company listens to its employees' ideas. Looked at regionally, Midwest workers are more apt to believe their ideas are being heard, followed by workers in the South, Northeast, and West.

And although a little learning may not be a dangerous thing, it does tend to breed some cynicism: Workers with only a high school education are more likely to believe their ideas are listened to than respondents with a postgraduate education.

Looking at age and income once again, older and younger workers are more likely than middle-aged workers to believe companies listen to their employees' ideas. Middle-income earners, however, are more likely than high-end earners to buy into this premise.

Finally, while most workers don't believe the average American company offers meaningful incentives, they're more positive when asked about their own companies' policies. Regionally speaking, southern workers are most likely to agree that the average American company (and, their own companies) offer employees meaningful incentives to maximize quality and productivity, while workers from the West are least likely to think incentives are meaningful for the average American company, their own company, or even for Japanese companies.

In fact, Japanese companies aren't perceived as being much better than their American counterparts when it comes to incentives. Still, more workers in the Northeast believe Japanese companies offer meaningful incentives to workers than respondents in other regions. Also, more males than females tend to believe this is the case.

"With the recent focus on American productivity and competitiveness in a global market," says Bolger, "this survey is important in revealing what workers believe about incentives, productivity, and quality."

The bottom line here is that however you tally it up, break it down, or parcel it out, incentives continue to be a popular motivator—not only within the incentive industry itself but where it counts the most: in the hearts and minds of workers. ❖

Christina Lovio-George is president of Lovio-George Inc., a marketing communications firm based in Detroit that has worked with SITE since 1986.